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Item 18(a) of the provisional agenda
Administrative, financial and institutional matters
Financial matters

Proposed revisions to the financial procedures for the Conference of the Parties, its subsidiary bodies and the secretariat required for the adoption of the International Public Sector Accounting Standards

Note by the secretariat

1. The financial procedures govern the financial administration of the Conference of the Parties, its subsidiary bodies and the secretariat. The financial procedures were adopted by the Conference of the Parties (COP) at is fifteenth session.[1]

2. By its resolution 60/283, the General Assembly approved the adoption of the International Public Sector Accounting Standards (IPSAS) by the United Nations system, which includes the UNFCCC. Previously, United Nations financial statements were prepared in accordance with the United Nations system accounting standards, which were developed by the United Nations system. The IPSAS are a set of accounting standards issued by the IPSAS Board for use by public sector entities around the world for the preparation of financial statements. The adoption of the IPSAS by the United Nations system has made it necessary to revise some of the current financial procedures of the UNFCCC in order to produce IPSAS-compliant financial statements.

3. The Subsidiary Body for Implementation (SBI) may wish to consider the proposed revisions to the financial procedures, contained in the annex, and make a recommendation to COP 20 on the necessary changes required to implement the IPSAS.

4. If the COP adopts the revised financial procedures on a recommendation of the SBI, they will be promulgated in time for the preparation of the first IPSAS-compliant financial statements of the UNFCCC in early 20[illegible]

[1] Decision 15/CP.1, annex I.

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Annex

Recommended revisions to the UNFCCC financial procedures[a]

Proposed financial procedure	*Existing financial procedure*	*Explanation*
2. The financial period shall be a calendar year.	2. The financial period shall be a biennium, of which the first year shall be an even year.	Changed to redefine the financial period as one year since the IPSAS require annual financial statements
3. The **budget period** for the proposed programme budget shall consist of two consecutive calendar years, the first of which shall be an even year.		Definition of the budget period, as it no longer matches the financial period
4. The head of the Convention secretariat shall prepare the administrative budget for the following **budget period**, and shall dispatch it to all Parties to the Convention at least 90 days before the opening of the ordinary session of the Conference of the Parties at which the budget is to be adopted.	3. The head of the Convention secretariat shall prepare the administrative budget for the following **biennium**, and shall dispatch it to all Parties to the Convention at least 90 days before the opening of the ordinary session of the Conference of the Parties at which the budget is to be adopted.	To align with the newly introduced definition of the budget period
5. The Conference of the Parties shall consider the proposed budget, and shall adopt a budget by consensus prior to the commencement of the **budget period** that it covers.	4. The Conference of the Parties shall consider the proposed budget, and shall adopt a budget by consensus prior to the commencement of the **financial period** that it covers.	Reference to the budget period instead of financial period
Financial statements and audit	Accounts and audit	To align with IPSAS terminology
19. The **financial statements** and financial management of all funds governed by these financial procedures shall be subject to the internal and external audit process of the United Nations.	18. The **accounts** and financial management of all funds governed by these financial procedures shall be subject to the internal and external audit process of the United Nations.	To align with IPSAS terminology
20. Annual audited financial statements shall be provided to the Conference of the Parties as soon as possible after the accounts for the financial period are closed.	19. An interim statement of accounts for the first year of the financial period shall be provided to the Conference of the Parties during the second year of the period, and a final audited statement of accounts for the full financial period shall be provided to the Conference of the Parties as soon as possible after the accounts for the financial period are closed.	The IPSAS require annual, rather than biennial, audited financial statements

[a] For each proposed change, the new and old paragraph numbers are given and the rationale for the change provided.